

Message Text

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ACTION ARA-14

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L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 ICA-11
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TO SECSTATE WASHDC 2487
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E. O. 11652: N/A
TAGS: ELAB, PINT, TD
SUBJECT: TEXACO-OWTU CONTRACT DISPUTE REFERRED TO
INDUSTRIAL COURT

REFERENCE: PORT OF SPAIN 564

1. AFTER 28 NEGOTIATING SESSIONS BETWEEN TEXACO AND THE OILFIELDS WORKERS' TRADE UNION (OWTU), THERE WAS ONLY MINIMAL PROGRESS AND THE CONTRACT DISPUTE WAS REFERRED BY THE COMPANY TO THE MINISTER OF LABOR IN MID-MAY. FOLLOWING THE FAILURE OF MINLAB'S CONCILIATION EFFORTS, IT WAS ANNOUNCED ON MAY 26 THAT THE MATTER WOULD BE TURNED OVER TO THE INDUSTRIAL COURT FOR RESOLUTION UNDER THE INDUSTRIAL RELATIONS ACT.

2. IN ADDITION TO LDNGSTANDING DISTRUST AND ILL WILL BETWEEN TEXACO AND OWTU, THE TWO MAJOR STUMBLING BLOCKS TO AGREEMENT ARE WAGES AND THE PENSION PLAN. WHILE THE UNION IS DEMANDING A 90 PER CENT WAGE INCREASE OVER THREE YEARS
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(DOWN FROM ITS ORIGINAL 120 PER CENT CLAIM), THE COMPANY CONTINUES TO OFFER A BOOST OF ABOUT 20 PER CENT. ALTHOUGH PRECISE DETAILS ARE NOT AVAILABLE, THE TWO SIDES ARE KNOWN TO BE FAR APART ON THE PENSION ISSUE AS WELL. TEXACO HAS SAID IT IS PREPARED TO SHOW SOME FLEXIBILITY IN BOTH AREAS IF OWTU WILL REDUCE ITS WAGE DEMANDS FURTHER AND AGREE TO INCLUDE CHANGES IN THE PENSION PLAN IN THE CONTRACT. THUS

FAR IN THE NEGOTIATIONS TEXACO HAS MAINTAINED A TOUGH BAR-GAINING POSITION, CLAIMING THAT IT IS LOSING MONEY ON ITS REFINING OPERATIONS HERE AS A RESULT OF TAXES, LABOR COSTS, FALLING DEMAND, AND OTHER FACTORS BEYOND ITS CONTROL. WHILE NOT ACCEPTING TEXACO'S ASSERTIONS, OWTU HAS COUNTERED THAT IF THE COMPANY CANNOT EARN A PROFIT, IT SHOULD SELL OUT AND LET THE GOTT TAKE OVER.

3. THERE ARE A NUMBER OF POSSIBLE OUTCOMES. IF BOTH SIDES LET NATURE TAKE ITS COURSE, THE MATTER COULD DRAG ON FOR MONTHS, EVEN YEARS, IN THE HEAVILY OVER-BURDENED INDUSTRIAL COURT. AN OWTU OFFICIAL HAS TOLD LABOFF THAT THE UNION HAS NOT YET DECIDED WHAT TACTICS TO FOLLOW, ALTHOUGH HE EXPECTS THE MEMBERS TO INITIATE A "WORK-TO-RULE" (GO-SLOW) POLICY. HE HINTED THAT A STRIKE WOULD BE UNLIKELY AT THIS STAGE SINCE, IN HIS VIEW, TEXACO WOULD NOT BE AVERSE TO AT LEAST A TEMPORARY SHUTDOWN. MOREOVER, THE TRINTOC REFINERY IS OPERATING AT WELL BELOW CAPACITY AND BY INCREASING ITS PRODUCTION COULD HELP PREVENT LOCAL CONSUMERS FROM FEELING THE PINCH FOR SOME TIME. THEREFORE, WHILE THE POSSIBILITY OF A STRIKE CANNOT BE RULED OUT, WE DO NOT CONSIDER IT THE MOST LIKELY OPTION, AT LEAST FOR THE SHORT RUN.

4. COMMENT: THERE IS A FEELING HERE THAT WHILE GOTT SPOKESMEN HAVE COME OUT STRONGLY AGAINST "INFLATIONARY" WAGE SETTLEMENTS, IN ITS OWN NEGOTIATIONS THE GOVERNMENT HAS DONE LIMITED OFFICIAL USE

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LITTLE TO HALT THE CURRENT UPWARDS WAGE SPIRAL. THEREFORE, THE GOTT MAY WELL BE HAPPY TO HAVE TEXACO PLAY THE HEAVY AND TAKE THE HEAT FROM A UNION WHOSE LEADERSHIP IS ANTI-PNM IN ANY CASE. TRADITIONALLY, THE TEXACO CONTRACTS HAVE SET THE PATTERN FOR THE WHOLE OIL INDUSTRY AND INFLUENCED SETTLEMENTS IN OTHER SECTORS AS WELL. IF TEXACO CAN HOLD THE INCREASE IN ITS WELL-PAID WORKERS' WAGES WITHIN REASONABLE BOUNDS, IT COULD MAKE IT SOMEWHAT EASIER FOR THE GOTT TO KEEP OTHER WAGE DEMANDS DOWN, WHILE TAKING SOME WIND OUT OF THE OWTU'S SAILS AT THE SAME TIME. IN ANY CASE, OUR MINLAB CONTACTS TELL US THAT CABINET IS FOLLOWING THE TEXACO NEGOTIATIONS VERY CLOSELY. FOX

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